

**MINUTES OF A REGULAR MEETING OF
THE TORRANCE WATER COMMISSION**

1. CALL TO ORDER

The Torrance Water Commission convened in a regular session at 7:04 p.m. on Thursday, January 20, 2011 in the West Annex Meeting Room at Torrance City Hall.

2. ROLL CALL:

Present: Commissioners Lefevre, Lew, McGee, See, White, and
Chairperson Deemer.

Absent: Commissioner Haddon.

Also Present: Public Works Director Beste,
Senior Administrative Analyst Schaich, and
Metropolitan Water District Director Wright.

MOTION: Commissioner White moved to grant an excused absence to Commissioner Haddon for the January 20, 2011 Water Commission meeting. Commissioner Lew seconded the motion; a voice vote reflected unanimous approval.

3. FLAG SALUTE

Commissioner McGee led the Pledge of Allegiance.

4. AFFIDAVIT OF POSTING

MOTION: Commissioner McGee moved to accept and file the report of the City Clerk on the posting of the agenda for this meeting. Commissioner Lefevre seconded the motion; a voice vote reflected unanimous approval.

5. APPROVAL OF MINUTES

5A. MINUTES OF NOVEMBER 18, 2010

MOTION: Commissioner White moved for the approval of the November 18, 2010 Water Commission meeting minutes as submitted. Commissioner Lew seconded the motion; a voice vote reflected unanimous approval (absent Commissioner Haddon).

6. ORAL COMMUNICATIONS FROM PUBLIC

None.

7. UNFINISHED BUSINESS

**7A. STATUS OF WATER RATE HEARING PROCESS AND PROPOSAL TO
ADJUST MUNICIPAL RATES FOR THE FIVE YEAR PERIOD 2011-2015**

Senior Administrative Analyst Schaich reported that at its December 14, 2010 meeting, City Council unanimously supported the recommendation that a Public Hearing on the Five Year Water Rate Plan be set for February 15, 2011. He stated that

approximately 26,400 notifications were mailed out in December 2010 and to date 400 to 500 protests have been received. He noted that customers can protest all the way up to and at the Public Hearing and, if protests total over 50% of TMW customers, City Council would not be able to authorize the rate increase without a vote. He advised that City Council has the option to pass, modify, or defer the rate increase and encouraged Commissioners to attend the February 15, 2011 Public Hearing.

In response to Chairperson Deemer's request, Public Works Director Beste provided a comparison of protests to the refuse rate increase. He explained the Bighorn-Desert View Water Agency decision that came out of the Proposition 218 requirement that fees and charges follow public notice, public hearing, and majority protest procedures. He added that most residents are in favor of the tiered rate structure even if they do not like the rate increase. He called attention to the accurate and fair article published in the Daily Breeze.

MWD Director Wright discussed the importance of "pay as you go" for infrastructure replacement, rehabilitation, and improvement projects as well as keeping a AAA bond rating.

Responding to Chairperson Deemer's inquiry, Public Works Director Beste stated that TMW would be putting out the bid for bonds in spring 2011. He discussed TMW's water main replacement cycle, noting that the main replacement rate depends on the location, type of soil, and material of the pipes.

Commissioner Lew inquired about seismic concerns and Senior Administrative Analyst Schaich stated that TMW has been replacing rigid cast iron mains with much more flexible ductile iron mains for the last 25 or 30 years.

8. NEW BUSINESS

8A. REVIEW AND STATUS OF CONVERSION OF UTILITY BILLING FUNCTION TO NEW SERVICE VENDOR

Senior Administrative Analyst Schaich provided background and discussed the City's decision to look for a new vendor to outsource for utility billing and related customer service functions for the City's water, sewer, and refuse operations. He noted that the option of bringing the billing function back in-house was also considered, but was rejected as not cost effective. He stated that three companies submitted proposals and that Global Water Management based in Phoenix, Arizona was selected as the best alternative. He stated that Global Water provides a considerable cost savings compared to the current vendor and offers more customer service payment options including online billing. He advised that implementation will begin on January 31, 2011 and that he expects a seamless transition.

Responding to Commissioner McGee's inquiry, Public Works Director Beste advised that conversion to electronic meter reading would be implemented over the next three years. He noted that all large meters and some residential meters, approximately 5,000 out of 26,000, have already been replaced.

Commissioner Lew initiated a brief discussion centered on water sources, potential rate increases, and utility billing functions in the California Water Service Company and Dominguez districts.

9. METROPOLITAN WATER DISTRICT DIRECTOR'S REPORT

MWD Director Wright distributed his January 18, 2011 letter to the Mayor and Council Members regarding January 2011 MWD activities. He provided a slide presentation on water supply conditions as of January 9, 2011. He was pleased to announce that the snow pack in the Northern Sierras, the State Water Project supply, is 160% of normal. He stated that they are bringing a large quantity of water from Northern California and putting it into storage in Central Valley and Diamond Valley Lake. He noted that Diamond Valley Lake is 80% full and is expected to be 100% full in another six weeks.

Referring to the Colorado River Basin, he reported that the Upper Colorado Basin is 137% of normal and that Lake Powell is currently 62% of normal. He noted that this is good news for Lake Mead as there is no longer a threat of a shortage condition there. He stated that the Colorado River Board signed a two-year agreement with Mexico to store water in Lake Mead. He noted that the more water there is in Lake Mead, the more power MWD can generate. He showed comparison graphs of Mammoth Snowpack, Lake Shasta Reservoir Storage, Lake Powell 2003 to present, and Precipitation to Date. He concluded his presentation with the meteorologists' prediction that, in spite of the recent precipitation, this is still going to be a dry winter.

Public Works Director Beste stated that it is important to note that 100% of water gets captured in the Colorado River.

MWD Director Wright invited Commissioners join him on a water trip to the Colorado River on April 1-3, 2011.

Commissioner White commented that MWD's water dialogue meetings downtown are very interesting and informative.

10. WEST BASIN WATER ASSOCIATION REPORT

Public Works Director Beste reported that they do not have a date set yet to go to the Court of Appeals regarding conjunctive use and that there were no updates from the Technical Advisory Committee.

11. MONTHLY DEPARTMENT REPORT

Senior Administrative Analyst Schaich reported that potable water production is still declining due to conservation efforts, with potable production nearly 10% below 2009 levels. He discussed the 2020 mandate, predicting that 10% to 12% further reduction will be required, noting that the baseline is based on per capita daily usage for the entire City.

Public Works Director Beste informed Commissioners that a future agenda item for the Commission to consider is whether to stay on the local water supply allocation plan. He stated that if MWD gives it up, there is no reason for the City to stay on it.

MWD Director Wright discussed MWD's declining water sales and the assertion of some Directors to discontinue the allocation plan. He mentioned that MWD is considering the possibility of putting more water costs on taxes rather than on water usage as water becomes more expensive.

Public Works Director Beste commended Goldsworthy Desalter staff, noting that the plant is producing water at a rate that has not been seen in years. He stated that they are able to purchase water from them at a \$250 per acre foot savings compared to MWD water costs.

MWD Director Wright provided information about Yuma Island and an MWD project to purchase and store water in Lake Mead from the Yuma Desalter.

12. ORALS

12A. Commissioner White stated that the December 11, 2010 League of Women Voters' tour of the Ocean Desalination Demonstration facility was very interesting.

Senior Administrative Analyst Schaich advised that staff would look into setting up a tour for Commissioners to visit the facility.

12B. In response to Commissioner Lefevre's inquiry, staff stated that the spreading grounds captured some of the recent rainfall, but much of it went out to the ocean.

12C. Senior Administrative Analyst Schaich announced Commissioner White's retirement after 15 years of service on the Water Commission. He commended her for being an original advocate for water conservation, water resource management, and water reliability. He advised that a luncheon is being planned in her honor in the next few weeks.

Commissioners expressed appreciation to Commissioner White for her service and bid her a fond farewell.

12D. Commissioner Lefevre requested an excused absence for the February 17, 2011 Commission meeting.

12. ADJOURNMENT

At 8:40 p.m., Chairperson Deemer adjourned the meeting to February 17, 2011 at 7:00 p.m. in the West Annex Commission meeting room.

Approved as Submitted February 17, 2011 s/ Sue Herbers, City Clerk
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